

Local Government Reform Activities in Other States

Many Midwestern and Northeastern states, like New York, have outdated and complex local government systems, and are now looking at restructuring and reform as a way to achieve taxpayer savings and improve effectiveness. This brief describes activities in New Jersey, Maine, Indiana, Pennsylvania and Ohio. The issues these states have considered, as well as the recommendations made or actions taken, show remarkable similarities to New York.

New Jersey

New Jersey contains 21 counties, 566 municipalities (borough, city, town, township or village), 616 school districts and 486 local authorities and special districts. Like New York State, New Jersey has a very high property tax burden. Accordingly, numerous studies and activities in the Garden State have focused on shared services and local government consolidation. In 2006, a special [Joint Legislative Committee on Government Consolidation and Shared Services](#) was convened that produced [18 major recommendations](#). Eleven have been enacted, including various aid incentives and the establishment of a new state-level group to study and promote local government consolidation and service sharing.

Local Unit Alignment, Reorganization and Consolidation Commission

The "[Local Unit Alignment Reorganization and Consolidation Commission](#)" (LUARC) was created in March 2007 on the recommendation of the Joint Legislative Committee. The Committee recommended the state "Create a permanent local government reorganization commission." LUARC was originally conceived as a group similar to the federal Base Realignment and Closure Commission (i.e., it would present a statewide plan for specific local government consolidations to the legislature which could be either accepted or rejected in total). However, the enabling legislation ultimately enacted resulted in a group with a much broader mission, with a modified role in recommending local consolidations.

LUARC is charged with studying and reporting on the structure and functions of county and municipal government and recommending legislative changes to promote more efficient government. Over time it will study cost structures, optimal service levels and best practices, and in consideration of these factors will recommend specific consolidations and shared services for specific municipalities, which will then go to local voters.

The [authorizing legislation](#) for this new state entity establishes it "in but not of" the New Jersey Department of Community Affairs and details its responsibilities, composition of the Commission (nine members appointed by the Governor and Legislature) and its staff – an executive director and others serving at the pleasure of the Commission, and supported by various state agencies. This group will study local governments, taxing districts and their statutory basis, as well as the fiscal relationships between local governments, the state, and the appropriate allocation of service delivery responsibilities from an efficiency standpoint.

The commission will recommend legislative changes to encourage more efficient operations, including structural and administrative streamlining of county and municipal government functions, the transfer of functions from one level of government to another and the use or establishment of regional service delivery entities. LUARC will work with local elected and appointed officials, professional employees, citizens and other interested organizations, and maintain a website. A first report is due in the spring

of 2009, after which LUARC will begin a process of reviewing specific consolidations and shared service ventures.

Aid Incentives

New Jersey has grants and aid available for shared services and consolidations, similar to the New York [local government efficiency grants](#). General aid to municipalities has declined, with smaller municipalities targeted for larger reductions. Statewide, \$27 million was cut, roughly 3 percent out of an \$835 million program. For municipalities under 10,000 in population (321 out of 566 total municipalities), aid was cut by 10 percent. However, several smaller municipalities benefited from a save-harmless provision limiting the impact if the cut would drive a property tax increase exceeding \$100 on an average household.

Other Recommendations of the Joint Legislative Committee

In addition to the recommendations to form LUARC and make targeted cuts in aid to smaller municipalities, other major recommendations of the Joint Legislative Committee on Government Consolidation and Shared Services that have been realized were:

- “Streamline consolidation and shared services process.” This law establishes a process for sharing employees and addresses questions on state regulations. It also allows for the creation of a citizen’s commission to identify and implement shared services and consolidations.
- “Tie state aid to local government efficiency.” This law requires performance measures for efficient government. Local officials will be trained on how to measure performance, and the state will issue a report card on each municipality. Additional aid will be given to reward municipalities that meet state-established performance measures.

A complete list of all bills that were introduced in the 2006-2007 legislative session that were directly related to the Committee’s recommendations can be found on the Committees website. The website also lists the [numerous studies](#) that helped inform its deliberations.

Maine

Maine has approximately 491 organized municipalities. Maine’s principal units of local government are 22 cities, 432 towns, 34 plantations (a rural municipal structure specific to Maine), 16 counties and approximately 290 school districts. A few of Maine’s local government reform efforts are described below.

School District Restructuring Enacted

Maine enacted a massive restructuring program for schools which began in 2007. School districts had 6 months to submit a reorganization plan for approval by the Education Commissioner. These plans had to reconfigure school districts to contain at least 2,500 students with a few exceptions, including if surrounding districts would not merge with them or if they were efficient and high performing. Where consolidation would be impractical, school units will have to look for internal administrative efficiencies to reduce costs. The goal is to reduce the number of school districts from 290 to no more than 80. If a school district fails to adopt a reorganization plan, it will face strong aid punishments, including a 50% reduction in some aid streams and less favorable consideration for school building aid. All school districts are to be reorganized by July 1, 2009.

Progress of legislation related to school district restructuring can be found at the following website: [Maine School Reorganization](#).

Statewide Prison System

Citing overcrowding in some jails, excessive taxpayer costs and failing services, the Governor and representatives from Maine's counties and sheriffs' departments are working on legislation for comprehensive jail consolidation. The legislation would create a unified system that would give space management oversight to the State Department of Corrections, while preserving local control of daily operations by county sheriffs. Additionally, the new jail plan would create a State Board of Corrections that would decide the best use for county facilities. It would also approve budgets and develop a plan for cost savings through bulk purchasing. All current county jail employees would remain county employees and the State would assume the jail debt service of counties, which is currently \$10.25 million per year.

Progress on legislation related to the proposed statewide prison system can be found at the following website: [Proposal to Improve Maine's Jails and Prisons](#).

Consolidating Emergency Dispatch

The State of Maine, through the Emergency Services Communication Bureau, has worked since 2003 to reduce the number of Public Safety Answering Points (dispatch centers) statewide from 48 to between 16 and 24. [The proposal](#) made recommendations to communities on specific consolidations that should be implemented. For those communities that were not specifically addressed the Bureau more generally recommended at least one PSAP in each county and proposed ideal call volume levels for each PSAP that would continue to provide services. Communities with a low-level of calls that still wish to host a PSAP can do so but will not receive any state-level funding.

Progress related to statewide PSAP consolidation can be found at the following website: [Maine Emergency Services Communications Bureau - E911 News](#).

Indiana

Indiana has approximately 2,730 governments with the authority to levy property taxes. This includes 92 counties, 1,008 townships, 117 cities, 450 towns, and 293 school districts. In 2007 a blue ribbon Indiana Commission for Local Government Reform was established (informally known as the Kernan-Shepard Commission). Building upon a wealth of information and recommendations from previous endeavors, the Commission presented its [final report](#) in December 2007.

Generally, the Commission recommended the provision of services at a broader, county level and the alignment of elections to facilitate voter turnout and accountability. Several categories that the Commission focused on are described below.

A new group in Indiana – [MySmartgov.org](#) – has been formed promote the recommendations made by the Kernan-Shepard Commission with the ultimate goal of making local government more fair and efficient. Their public education campaign includes local forums, videos and a website to encourage citizens to push for changes recommended by the Commission.

Reducing Small Scale Services in Township, City and Town Government

Recommendations focused on transferring the current duties and responsibilities of township government to the county level including, but not limited to, assessment, welfare, all public safety services (fire, EMS, 911 dispatch, etc.) and cemeteries. Additionally, all responsibilities of municipal (city, town, township) health departments would be transferred to the county level.

In 2008 legislation was adopted to require moving the responsibility to assess property from township assessors to county assessors in 965 of the state's 1,008 townships. In the remaining large 43 townships, voters will decide this November 4 whether to move assessing to the county level.

County Government

Recommendations for counties included having all counties led by a single county executive and a stronger county council, minimum professional standards for certain county administrative functions and consolidating public safety services and emergency dispatch. In 2008 the Legislature responded by establishing qualifications for some county administrative officers.

Reorganizing Libraries and Special Districts

Generally, the Commission recommended reorganizing library systems at the county level, as well as requiring that the budgets and bonds of library and all other special districts be approved by relevant municipal or county government.

Restructuring School Districts

The Commission called for school districts to be reorganized so that all have a minimum student population of 2,000 and proposed a process for this reorganization. This process is related to achievement standards, creates local plans for reorganization, and ultimately rests on approval from the State Board of Education (analogous to the Board of Regents in New York State).

Implementing the Recommendations

To facilitate the implementation of their recommendations the Commission called for a state level entity to provide additional research and technical assistance as needed, and to encourage and report annually on progress in local government efficiency.

Legislative Action

In 2008, the Indiana General Assembly enacted major property tax relief measures. Beginning in 2009, property taxes for the school general fund, county welfare funds, and several other funds will be eliminated, and their costs taken over by the state. Homeowners will receive a substantial new deduction from their home assessments. Homeowner tax bills will be limited to a fixed percentage of their assessments, 1.5% in 2009 and 1% beginning in 2010. In 2008, substantial tax relief is provided through an added homestead credit financed with payments from the new race track casinos and an added sales tax. Homeowner taxes should fall by about one-third.

Progress of legislation that relates to the Commission's report can be found at the following website: [Indiana Commission on Local Government: Legislative Update](#).

Pennsylvania

Pennsylvania has approximately 3,133 units of local government (not including authorities). This includes 67 counties, 56 cities, 961 boroughs, one incorporated town, 1,547 townships and 501 school districts. In 2004, the Governor reactivated the Pennsylvania State Planning Board, an advisory board comprised of cabinet secretaries, state legislators, and citizens. The Board's mission is to monitor issues of statewide concern, gather input from state and local officials and citizens, and develop reports and recommendations on improved state policies and programs.

In 2006, the Pennsylvania State Planning Board issued a [report with recommendations](#) on state policies and actions that were organized in four general sections.

Improving Regional Governance

These recommendations focused on enabling municipalities to work together more effectively. The Board recommended amending laws and codes that discourage greater inter-municipal coordination and the provision of services at a broader level. Additionally, the Board recommended that the Municipal Planning Code (MPC) be amended to facilitate more widespread comprehensive, regional planning. In order to address the financing of these regional planning efforts the Board felt it would be necessary for the State to more formally address issues related to tax base sharing.

Improve Transportation and Infrastructure

These recommendations addressed ways that the state can facilitate more strategic transportation and infrastructure investments. The most pressing concern identified was amending the MPC to more comprehensively define "infrastructure" and prescribe coordination of planning for various infrastructure elements. The Board also outlined potential incentives that the State might use to prompt coordinated and cooperative planning using existing resources.

Improve Economic Development

Several recommendations focused on economic development supported by sound land use and progressive transportation planning. The Board found the need for greater coordination among state agencies related to investment in economic development and land use initiatives and a greater level of synthesis among agency outreach efforts. Additionally the Board, responding to the acknowledgement of barriers at all levels of government, recommended a comprehensive outreach effort with private sector development professionals, local government officials, and planning and economic development professionals to identify key barriers affecting each level of stakeholder. The Board also recommended more specific direction in the MPC related to local comprehensive plans so that there is a more direct, visible relationship to economic impact goals.

Legislation and Updates

There is legislation in committee, [H.B. 1525](#), which addresses several issues related to amending the Municipal Planning Code. Updates related to the recommendations and activities of the Pennsylvania State Planning Board, including an Annual Report, can be found at the following website:

[Pennsylvania Department of Community and Economic Development - News](#)

Ohio

Ohio has 88 counties, 942 cities and villages, 1308 townships, 667 public school districts, and 631 special districts. A village is an incorporated municipality with fewer than 5,000 inhabitants; if it grows to 5,000 residents it automatically is designated as a city.

In the spring of 2008, Ohio passed [legislation](#) creating a “Commission on Local Government Reform and Collaboration.” This Commission is charged with developing recommendations on ways to increase the efficiency and effectiveness of local government operations, to achieve cost savings for taxpayers, and to facilitate economic development. Like New York’s Commission on Local Government Efficiency and Competitiveness, the Ohio commission will look at restructuring and streamlining local government offices, special taxing districts and authorities, and delivery of services. They will also look at the possible realignment of state and local services to increase efficiency and improve accountability. The commission will have two years to prepare a report of its findings and recommendations.

Ohio also recently launched a Local Government Services Collaboration Grant Program. The program, funded at \$900,000, is designed to provide grants to local governments interested in combining the provision of local government services with those of other local governments.